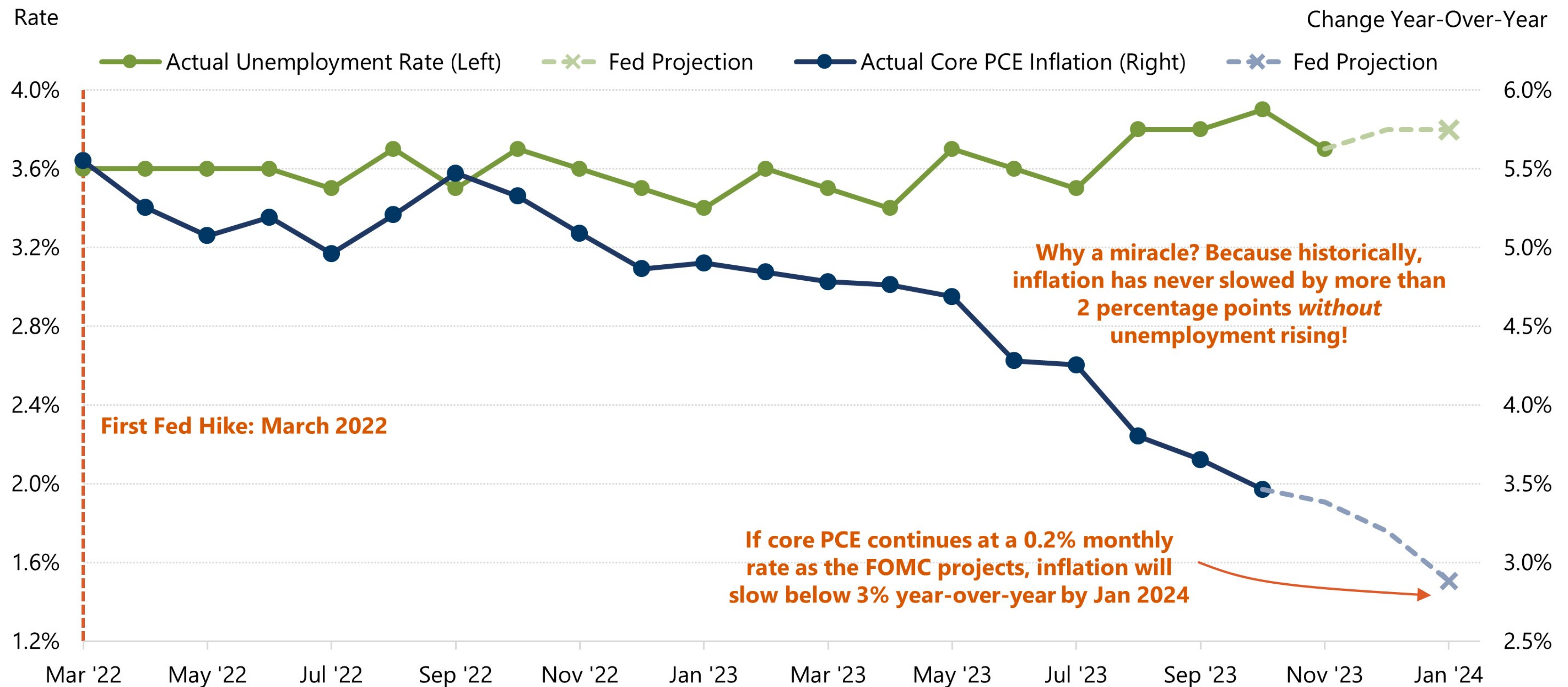


## Do You Believe In Miracles?

Unemployment Rate And Core PCE\* Index Since March 2022

For The Week Ending 12/15/2023



Source: Bureau of Labor Statistics, Federal Reserve

\*Personal Consumption Expenditure, core excludes food and energy

With the holiday season well underway, we take the opportunity to reflect not just on the week but also on the year. This week at the last FOMC meeting of 2023, Fed Chair Jerome Powell reflected that, a year ago, “essentially all forecasters were very broadly forecasting a recession for 2023, and not only did that not happen, we actually had a very strong year.” He reflected that the slowdown of inflation with a tight labor market was “a surprise to just about everybody.” Indeed, the—dare we call it a miracle?—of 2023 is that the Fed hiked aggressively, year-over-year core inflation cooled by more than two percentage points, and the unemployment rate remained flat. Maybe the aftereffects of the pandemic have faded, or Fed tightening has successfully restrained inflation without tipping the economy into contraction. Either way, as we gather with loved ones this holiday season, we must acknowledge the impressive feat. If the trend persists, expect the Fed to “fine tune” rates in 2024 to extend this “soft landing.”